

UN-SEALED PER 2/6/07

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

Sealed
Public and unofficial staff access
to this instrument are
prohibited by court order.

UNITED STATES OF AMERICA

NO: CR _____ **UNDER SEAL**

v.

PLEA AGREEMENT

VETCO GRAY UK LIMITED,

Defendant.

H-07-004

The United States of America, by and through Mark F. Mendelsohn, Deputy Chief, and Stacey K. Luck, Trial Attorney, United States Department of Justice, Criminal Division, Fraud Section (the "Department" or the "Fraud Section"), the defendant, Vetco Gray UK Limited ("VETCO GRAY UK" or the "Company"), Vetco International Limited ("VETCO INTERNATIONAL"), on behalf of its wholly owned subsidiary VETCO GRAY UK, and the defendant's counsel, Cadwalader, Wickersham & Taft LLP, pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, state that they have entered into an agreement, the terms and conditions of which are as follows:

THE DEFENDANT'S AGREEMENT

1. Defendant agrees to waive indictment and plead guilty to Counts 1, 2, 3, 8, and 18 of a 24-count criminal information filed in the Southern District of Texas charging VETCO GRAY UK with conspiracy to violate the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, 15 U.S.C. § 78dd-3, in violation of 18 U.S.C. § 371 (Count 1) and violation of the FCPA, 15 U.S.C. § 78dd-3 (Counts 2, 3, 8 and 18). The defendant further agrees to persist in that plea through sentencing and, as set forth below, to fully cooperate with the United States.

2. This plea agreement is between the Department, the defendant VETCO GRAY UK and VETCO INTERNATIONAL, on behalf of its wholly owned subsidiary VETCO GRAY UK, and thus does not bind any other division or section of the Department of Justice or any other federal, state, or local prosecuting, administrative, or regulatory authority. This agreement does not apply to any other charges other than those specifically mentioned herein. However, the Department will bring this Agreement and the cooperation of VETCO GRAY UK, its direct or indirect affiliates, subsidiaries, and parent corporations, to the attention of other prosecuting authorities or other agencies, if requested.
3. Defendant agrees that this Agreement will be executed by an authorized corporate representative. Defendant further agrees that a Resolution duly adopted by the Board of Directors of VETCO INTERNATIONAL, on behalf of its subsidiary VETCO GRAY UK, in the form attached to this Agreement as Exhibit 1, or in a substantially similar form, represents that the signature on this Agreement by VETCO GRAY UK and its counsel are authorized by the Board of Directors of VETCO INTERNATIONAL, on behalf of its subsidiary VETCO GRAY UK.
4. Defendant VETCO GRAY UK, and VETCO INTERNATIONAL, on behalf of VETCO GRAY UK, agree that each has the full legal right, power and authority to enter into and perform all of its obligations under this Agreement.
5. Defendant agrees that any fine or restitution imposed by the Court will be due and payable within five (5) business days from the date of sentencing, and defendant will not attempt to avoid or delay payments. Defendant further agrees to pay the Clerk of the Court for the United States District Court for the Southern District of Texas the mandatory special assessment within five (5) business days from the date of sentencing.

6. Defendant agrees to make a complete financial disclosure by truthfully executing a sworn financial statement prior to sentencing if it is required to do so.
7. Defendant agrees that if the company issues a press release in connection with this Agreement, Defendant shall first consult the Department to determine whether the text of the release is acceptable, and shall only issue a press release that has been deemed acceptable to the Department.
8. Defendant agrees to abide by all terms and obligations of this Agreement as described herein, including the obligations described in Exhibits 2 (with respect to the retention of a monitor) and 3 (with respect to the fulfillment of prior commitments to the Department, hereinafter referred to as "prior commitments") attached hereto and incorporated herein.
9. Defendant VETCO GRAY UK agrees that in the event it sells, merges or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger, or transfer, VETCO GRAY UK shall include in any contract for sale, merger or transfer a provision fully binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Agreement, including the obligations described in Exhibits 2 (with respect to the retention of a monitor) and 3 (with respect to the fulfillment of prior commitments) attached hereto and incorporated herein.

THE UNITED STATES' AGREEMENT

10. In exchange for the corporate guilty plea of VETCO GRAY UK and the complete fulfillment of all of its obligations under this Agreement, and in exchange for the agreement of its parent company, VETCO INTERNATIONAL, to assume all of the obligations set forth in Paragraphs 1 through 9, and Paragraphs 12 through 13 herein, on

its behalf and on behalf of each of its Vetco Gray subsidiaries and affiliates, including but not limited to Vetco Gray Controls Inc., Vetco Gray Controls Limited, Vetco Gray Inc., and VI Singapore 1 Pte. Ltd. (hereinafter collectively referred to as the “Vetco Gray entities”), the Department agrees not to file additional criminal charges against VETCO GRAY UK, or against any other Vetco Gray entity other than VETCO GRAY CONTROLS INC. and VETCO GRAY CONTROLS LIMITED, for any of the corrupt payments described in the Statement of Facts attached as Exhibit 4. This Agreement will not close or preclude the investigation or prosecution of any natural persons, including any officers, directors, employees, agents or consultants of VETCO GRAY UK, or of any other Vetco Gray entity, including all of its direct or indirect affiliates, subsidiaries, or parent corporations, who may have been involved in any of the matters set forth in the Information, Statement of Facts or in any other matters.

FACTUAL BASIS

11. Defendant VETCO GRAY UK is pleading guilty because it is guilty of the charges contained in Counts 1, 2, 3, 8, and 18 of the Information. Defendant VETCO GRAY UK agrees and stipulates that the factual allegations set forth in the Information are true and correct and accurately reflect its criminal conduct. The parties further stipulate and agree to the Statement of Facts attached hereto and incorporated herein as Exhibit 4.

DEFENDANT’S OBLIGATIONS

12. VETCO GRAY UK agrees:
 - a. To plead guilty as set forth in this Agreement;
 - b. To abide by all sentencing stipulations contained in this Agreement;

- c. To: (i) appear, through its duly appointed representatives, as ordered for all court appearances; and (ii) obey any other ongoing court order in this matter;
 - d. To commit no further crimes;
 - e. To be truthful at all times with the Court;
 - f. To pay the applicable fine and special assessment;
 - g. To hire or otherwise engage a Department-approved monitor with the authority, monitoring duties, and obligations set forth in Exhibit 2 attached hereto and incorporated herein; and
 - h. To ensure that in the event VETCO GRAY UK sells, merges or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger or transfer, VETCO GRAY UK shall include in any contract for sale, merger, or transfer a provision fully binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Agreement, including the obligations described in Exhibits 2 (with respect to the retention of a monitor) and 3 (with respect to the fulfillment of prior commitments) attached hereto and incorporated herein.
13. VETCO GRAY UK further agrees to cooperate fully with the Department as directed and with any other federal, state, or local or foreign law enforcement agency. This cooperation requires defendant to:
- a. Provide full disclosure of all information concerning corrupt payments known to defendant or its outside counsel as of the date of this Agreement;

- b. Produce voluntarily all documents, records, or other tangible evidence relating to such payments about which the Department, or their designee, inquires;
- c. Provide and/or ensure that the Department is given access to all VETCO GRAY UK officers, directors, employees, agents, and consultants for interviews and testimony in the United States relating to such payments;
- d. Provide access to copies of original documents and records relating to such payments;
- e. Provide access to defendant's outside accounting consultants as well as the records, reports, and documents of those outside accounting consultants relating to such payments disclosed to the Department as of the date of this Agreement; and
- f. Upon request by the Department, provide all memoranda of interviews compiled and prepared by VETCO GRAY UK's counsel, outside counsel, consultants, accountants or other agents of interviews with individuals relating to such payments disclosed to the Department as of the date of this Agreement.

WAIVER OF CONSTITUTIONAL RIGHTS

- 14.** VETCO GRAY UK knowingly, intelligently, and voluntarily waives its right to appeal the conviction in this case. VETCO GRAY UK similarly knowingly, intelligently, and voluntarily waives the right to appeal the sentence imposed by the court. In addition, VETCO GRAY UK knowingly, intelligently, and voluntarily waives the right to bring a collateral challenge pursuant to 28 U.S.C. § 2255, challenging either the conviction, or the sentence imposed in this case, except for a claim of ineffective assistance of counsel. VETCO GRAY UK waives all defenses based on the statute of limitations and venue

with respect to any prosecution that is not time-barred on the date that this Agreement is signed in the event that: (a) the conviction is later vacated for any reason; (b) VETCO GRAY UK violates this Agreement; or (c) the plea is later withdrawn. The Department is free to take any position on appeal or any other post-judgment matter.

PENALTY RANGE

15. The statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 371 is a fine of \$500,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest, 18 U.S.C. §§ 3571(c)(3) and (d); five years' probation, 18 U.S.C. § 3561(c)(1); and a mandatory special assessment of \$400, 18 U.S.C. § 3013(a)(2)(B). The statutory maximum sentence that the Court can impose for each violation of Title 15, United States Code, Section 78dd-3 is a fine of \$2,000,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest, 15 U.S.C. § 78dd-3(e)(1)(A)), 18 U.S.C. § 3571(d); five years' probation, 18 U.S.C. § 3561(c)(1); and a mandatory special assessment of \$400, 18 U.S.C. § 3013(a)(2)(B). The statutory maximum sentences for multiple counts can be aggregated and run consecutively.
16. The Department and the defendant agree that a faithful application of the United States Sentencing Guidelines (USSG) to determine the applicable fine range yields the following analysis:
 - a. The 2006 USSG are the appropriate guidelines to be used in this matter.
 - b. Base Offense. Based upon the USSG § 2C1.1, the offense level is 30, summarized as follows:

(a)(2) Base Offense Level	12
(b)(1) Specific Offense Characteristic	

	(More than one bribe)	2
(b)(2)	Specific Offense Characteristic (More than \$1,000,000)	16
	TOTAL	<u>30</u>
c.	Base Fine. Based upon the USSG § 8C2.4(a)(1), the base fine is \$10,500,000 (fine corresponding to the Base Offense level as provided in Offense Level Table).	
d.	Culpability Score. Based upon USSG § 8C2.5, the culpability score is 6, summarized as follows:	
(a)	Base Culpability Score	5
(b)(2)	The organization had 1,000 or more employees and individuals within high level personnel of the organization participated in, condoned, or were willfully ignorant of the offense and tolerance of the offense by substantial authority personnel was pervasive throughout the organization	4
(c)(2)	The organization (or separately managed lines of businesses) committed any part of the instant offense less than 5 years after (A) a criminal adjudication based on similar conduct; or (B) civil or administrative adjudications(s) based on two or more separate instances of similar misconduct.	2
(g)	The organization (A) prior to an imminent threat of disclosure or government investigation; and (B) within a reasonable amount of time after becoming aware of the offense, reported the offense, fully cooperated, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	-5
	TOTAL	<u>6</u>
e.	Calculation of Fine Range.	
	Base Fine	\$10,500,000

Multipliers 1.20 / 2.40

Fine Range \$12,600,000 / 25,200,000

SENTENCING FACTORS

17. The parties agree that pursuant to United States v. Booker, 543 U.S. 220 (2005), the Court must determine an advisory sentencing guideline range pursuant to the United States Sentencing Guidelines (“USSG”). The Court will then determine a reasonable sentence within the statutory range after considering the advisory sentencing guideline range and the factors listed in 18 U.S.C. § 3553(a). The parties’ agreement herein to any guideline sentencing factors constitutes proof of those factors sufficient to satisfy the applicable burden of proof.

SENTENCING RECOMMENDATION

18. Fine. Assuming VETCO GRAY UK accepts responsibility as explained above, the parties will recommend the imposition of a fine in the amount of \$13,000,000 payable to the Clerk of the Court for the United States District Court for the Southern District of Texas. The parties further agree that this amount shall be paid as a lump sum within five (5) business days after the imposition of sentencing in this matter.
19. The parties have agreed that the fine of \$13,000,000 for defendant VETCO GRAY UK is an appropriate disposition of the case based upon the following factors:
 - a. By entering and fulfilling the obligations under this Agreement, defendant VETCO GRAY UK has demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct;

- b. The plea underlying this Agreement is a result of the voluntary disclosure made by VETCO GRAY UK, through its counsel, to the Department beginning in May 2005 and the disclosure of the extensive investigation its attorneys subsequently conducted into the operations of VETCO GRAY UK, its parents, affiliates, and subsidiaries;
 - c. At the time of the initial disclosure, the conduct was unknown to the Department;
 - d. Co-defendants VETCO GRAY CONTROLS INC. and VETCO GRAY CONTROLS LIMITED, in two separate plea agreements, have also agreed to plead guilty to charges in the information and to pay fines of \$6,000,000 and \$7,000,000, respectively; and
 - e. By entering into a deferred prosecution agreement with the Department, AIBEL GROUP LIMITED, a company affiliated with the defendant, has, among other things, agreed to: (i) implement a compliance and ethics program designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws and all applicable foreign bribery laws throughout its operations, including those of AIBEL GROUP LIMITED, subsidiaries, affiliates, and successors; (ii) create an independent compliance committee; and (iii) engage compliance counsel.
20. The parties agree not to seek any adjustments to, or departures from, the agreed upon payment of \$13,000,000 as set forth herein.
21. Organizational Probation. The parties agree that organizational probation is appropriate in this case and shall include, as a condition of probation: (1) the creation and implementation of a Compliance Code as described in Exhibit 3; (2) the engagement of a

Monitor as described in Exhibit 2; and (3) the fulfillment of the prior commitments identified in Exhibit 3. The parties recommend a three (3) year term of probation.

22. Community Service. The parties agree that community service need not be ordered in this case.
23. Forfeiture. The parties agree that forfeiture need not be ordered in this case.
24. Special Assessment. Defendant VETCO GRAY UK further agrees to pay the Clerk of the Court for the United States District Court for the Southern District of Texas within (5) business days of the time of sentencing the mandatory special assessment of \$400 per count.
25. Waiver of Presentence Report. The parties further agree, with the permission of the Court, to waive the requirement for a presentence report pursuant to Federal Rule of Criminal Procedure 32(c)(1)(A), based on a finding by the Court that the record contains information sufficient to enable the Court to meaningfully exercise its sentencing power. However, the parties agree that in the event the Court orders the preparation of a presentence report prior to sentencing, such order will not affect the agreement set forth herein.
26. Entry of Guilty Pleas and Sentencing. The parties further agree to ask the Court's permission to combine the entry of the plea and sentencing into one proceeding, and to conduct the plea and sentencing hearings of defendants VETCO GRAY UK, VETCO GRAY CONTROLS INC. and VETCO GRAY CONTROLS LIMITED in one proceeding. However, the parties agree that in the event the Court orders that the entry of the guilty plea and sentencing hearing(s) occur at separate proceedings, such an order will not affect the agreement set forth herein.

27. Court Not Bound. The Court is not bound by the recommendations of the parties or those made in any presentence report. Because this Agreement is made under Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, VETCO GRAY UK may not withdraw any guilty plea or rescind this Plea Agreement if the Court does not follow the agreements or recommendations herein.
28. Full Disclosure/ Reservation of Rights. In the event the Court directs the preparation of a presentence report, the Department will fully inform the preparer of the presentence report and the Court of the facts and law related to VETCO GRAY UK's case. Except as set forth in this Agreement, the parties reserve all other rights to make sentencing recommendations and to respond to motions and arguments by the opposition.

BREACH OF AGREEMENT


29. If VETCO GRAY UK or VETCO INTERNATIONAL, on behalf of VETCO GRAY UK, breaches the terms of this Agreement, or commits any new criminal offense between signing this Agreement and sentencing, the Department is relieved of its obligations under this Agreement but VETCO GRAY UK may not withdraw any guilty plea. Whether the defendant has breached any provision of this Plea Agreement shall be determined solely by the Department.
30. In the event of a breach of this Agreement by VETCO GRAY UK, should the Department elect to pursue criminal charges, or any civil or administrative action that was not filed as a result of this Agreement, then:
- a. VETCO GRAY UK agrees that any applicable statute of limitations is tolled between the date of VETCO GRAY UK's signing of this Agreement and the discovery by the Department of any breach by the defendant; and

- b. VETCO GRAY UK gives up all defenses based on the statute of limitations, any claim of preindictment delay, or any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement.

COMPLETE AGREEMENT

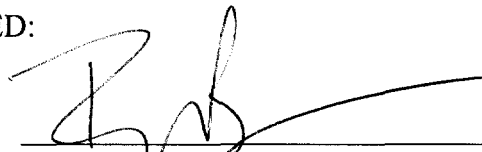
31. This letter states the full extent of the agreement between the parties. There are no other promises or agreements, express or implied. Any modification of this Plea Agreement shall be valid only if set forth in writing in a supplemental or revised plea agreement signed by all parties.

FOR VETCO GRAY UK:



RAYMOND BANOUN
CADWALADER, WICKERSHAM & TAFT LLP
1201 F Street, N.W. (Suite 1100)
Washington, D.C. 20004


FOR VETCO INTERNATIONAL LIMITED:

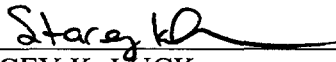


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FOR THE DEPARTMENT:

STEVEN A. TYRRELL
Acting Chief, Fraud Section

By: 
MARK F. MENDELSON
Deputy Chief, Fraud Section

By: 
STACEY K. LUCK
Trial Attorney, Fraud Section

Fraud Section, Criminal Division
United States Department of Justice
10th & Constitution Avenue, NW
Washington, D.C. 20530
(202) 514-0819

Filed at Houston, Texas, on Jan. 04, 2007.

EXHIBIT 1

CERTIFICATE OF CORPORATE RESOLUTIONS

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as “Exhibit 1.”

**VETCO INTERNATIONAL LIMITED
CERTIFICATE OF CORPORATE RESOLUTIONS**

I, James L. Gunderson, do hereby certify that I am the Secretary of Vetco International Limited ("Vetco"), a company incorporated in England and Wales, and that the following is an accurate excerpt of certain resolutions unanimously adopted by the Board of Directors of Vetco at a meeting held by teleconference on November 21, 2006 at which a quorum was present:

WHEREAS, the Board of Directors of Vetco International Limited, a U.K. company (the "Company") has been informed by Mr. Gunderson of a proposed settlement with the United States Department of Justice ("DoJ") in relation to certain matters which have been under investigation by DoJ (the "Proposed Settlement"), and the key terms of the Proposed Settlement have been distributed to the members of the Board as Annex 1 to the Proposed Settlement Resolutions;

WHEREAS, the Proposed Settlement contemplates

(1) Vetco Gray Controls Inc., Vetco Gray Controls Limited, and Vetco Gray UK Limited each pleading guilty to certain crimes pursuant to a plea agreement with the DOJ (the "Plea Agreement"),

(2) the government and the three Vetco Gray entities agreeing to recommend to the court fines of \$6 million, \$7 million and \$13 million respectively (the total for all three being \$26 million) as appropriate under the circumstances;

(3) the court retaining under the law the final determination of the fine to be imposed;

(4) imposition of an Independent Compliance Consultant on the three pleading entities as well as all other Vetco Gray entities;

(5) imposition of all the commitments undertaken to DOJ in July 2004 and all subsequent undertakings as well as the ones set out in the plea agreement on the three pleading entities as well as all other Vetco Gray entities;

(6) the Board of Vetco International agreeing to (a) the imposition of an Independent Compliance Consultant on the three pleading entities as well as all other Vetco Gray entities, and (2) imposition of all the commitments undertaken to DOJ in July 2004 and all subsequent undertakings as well as the ones set out in the plea agreement on the three pleading entities as well as all other Vetco Gray entities; and

(7) Vetco agreeing to include in any sale or merger agreement the requirement that the successor or purchaser company abide by the commitments set out in items 4 and 5 above.

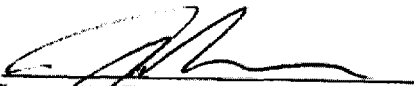
NOW, THEREFORE, BE IT:

RESOLVED, that the key terms of the Proposed Settlement that have been distributed to the members of the Board as Annex 1 to the Proposed Settlement Resolutions are hereby approved and the Proposed Settlement is hereby agreed to in principle by the Company;

RESOLVED, that Peter Goode, Chief Executive Officer of the Company and Executive Chairman of Vetco Limited (to be renamed Aibel Group Limited), is authorized and directed to execute and deliver the Plea Agreement on behalf of Vetco Gray UK Limited, Vetco Gray Controls Inc. and Vetco Gray Controls Limited, and the Deferred Prosecution Agreement on behalf of Aibel Group Limited and such other documents, to take such other and further actions as may be approved by the Compliance Committee or subcommittee thereof, as applicable, to consummate the Proposed Settlement and the resolution of the investigation of past payments and practices referenced above, including appearing before the United States District Court for the Southern District of Texas, Houston Division, to agree to the DPA, enter pleas of guilty on behalf of the three Vetco Gray entities and accept the sentencing of the Court.

I further certify that the aforesaid resolutions have not been amended or revoked in any respect and remain in full force and effect on the date of this certification.

IN WITNESS WHEREOF, I have executed this Certificate on December 7, 2006.

By: 
James L. Gunderson, Secretary
Vetco International Limited

Signed before me this 7th day of December, 2006.



Martha F. Baird
Notary Public in and for the State of Texas



EXHIBIT 2

MONITOR OBLIGATIONS

1. VETCO INTERNATIONAL LIMITED (“VETCO INTERNATIONAL”), on behalf of and for the benefit of its wholly owned subsidiary, VETCO GRAY UK LIMITED (“VETCO GRAY UK”), and on behalf of each of its Vetco Gray subsidiaries and affiliates including, but not limited to, VETCO GRAY CONTROLS LIMITED, VETCO GRAY CONTROLS INC., Vetco Gray Inc., and VI Singapore 1 Pte. Ltd. (hereinafter collectively referred to as the “Vetco Gray entities”) agrees to the appointment of a monitor (the “Monitor”), within thirty (30) calendar days of the signing of this Agreement, and for a period of three (3) years thereafter.
2. The Monitor will review and evaluate VETCO GRAY UK and the Vetco Gray entities’ internal accounting and compliance controls and recordkeeping procedures as they relate to the companies’ compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA, Title 15, United States Code, Sections 78dd-1, *et seq.*, U.S. commercial bribery laws and other applicable foreign bribery laws. This review and evaluation shall include an assessment of those policies and procedures as actually implemented in practice.
3. The Department of Justice (“the Department”) shall consult with VETCO INTERNATIONAL and VETCO GRAY UK for a period of up to thirty (30) days after the entry of the attached Plea Agreement to select and appoint a mutually acceptable Monitor. In the event the parties are unable to agree on an acceptable Monitor within thirty (30) days, the Department shall have the sole right to select a Monitor.
4. VETCO INTERNATIONAL shall require VETCO GRAY UK and the Vetco Gray entities to enter into an agreement with the Monitor that provides that for the three (3)

year period of engagement and for a period of two (2) years from completion of the engagement, the Monitor shall not enter into any additional employment, consultant, attorney-client, auditing or other professional relationship with VETCO INTERNATIONAL, VETCO GRAY UK, the Vetco Gray entities or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity.

5. VETCO INTERNATIONAL shall require VETCO GRAY UK and the Vetco Gray entities to enter into an agreement with the Monitor that provides that if the Monitor will require any outside consultant or firm engaged to assist the Monitor in the performance of the duties described herein, said consultant or firm shall not, without prior written consent of the Department, enter into any employment, consultant, attorney-client, auditing or other professional relationship with VETCO GRAY UK, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.
6. The compensation and expenses of the Monitor, and of any persons hired under the Monitor's authority, shall be paid by VETCO GRAY UK and the Vetco Gray entities.
7. VETCO GRAY UK and the Vetco Gray entities shall cooperate fully with the Monitor. The Monitor shall have the authority to take such reasonable steps, in the Monitor's view, as necessary to be fully informed about the operations of VETCO GRAY UK and the Vetco Gray entities within the scope of his or her responsibilities under this Agreement. To that end, VETCO GRAY UK and the Vetco Gray entities shall provide the Monitor with access to files, books, records, and personnel that fall within the scope of his or her responsibilities under this Agreement. In connection with the Monitor's work, VETCO

GRAY UK and the Vetco Gray entities shall, upon request of the Department, provide to the Monitor and/or the Department, any documents or information notwithstanding any attorney-client privilege or work product claims.

8. VETCO GRAY UK and the Vetco Gray entities agree that the Monitor shall assess whether VETCO GRAY UK and the Vetco Gray entities' policies and procedures are reasonably designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws, and other applicable foreign bribery laws, and during the three-year consultancy shall conduct an initial review and prepare an initial report, followed by two (2) follow-up reviews and follow-up reports, as described below. With respect to each of the three (3) reviews, after initial consultations with each of the respective Vetco Gray entities and the Department, the Monitor shall prepare a written work plan for each of the reviews, which shall be submitted to VETCO GRAY UK, the Vetco Gray entities, and the Department for comment. In order to conduct an effective initial review and fully understand any deficiencies in controls, policies and procedures related to the FCPA, U.S. commercial bribery laws, and other applicable foreign bribery laws, this assessment shall include a reasonable review of the facts and circumstances of the violations referred to in the Statement of Facts attached as Exhibit 4 to the Plea Agreement. Any disputes between VETCO GRAY UK, the Vetco Gray entities, and the Monitor with respect to the work plan shall be decided by the Department in its sole discretion.
9. In connection with the initial review, the Monitor shall issue a written report, within one hundred twenty (120) calendar days of the appointment of the Monitor, summarizing the assessment and making recommendations reasonably designed to improve VETCO GRAY UK and the Vetco Gray entities' policies and procedures for ensuring compliance

with the FCPA, U.S. commercial bribery laws, and other applicable foreign bribery laws. VETCO GRAY UK and the Vetco Gray entities shall require that the Monitor provide the report to VETCO GRAY UK and the Vetco Gray entities' Board of Directors and contemporaneously transmit copies to: Mark F. Mendelsohn (or his successor), Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 10th and Constitution Ave., N.W. (Bond), Washington, D.C. 20530. The Monitor may extend the time period for issuance of the report with prior written approval of the Department.

10. Within sixty (60) calendar days after receiving the Monitor's report, VETCO GRAY UK and the Vetco Gray entities shall adopt all recommendations in the report of the Monitor; provided, however, that within sixty (60) calendar days after receiving the report, VETCO GRAY UK and the Vetco Gray entities shall in writing advise the Monitor and the Department of any recommendations that they consider to be unduly burdensome, impractical, or costly. With respect to any recommendation that VETCO GRAY UK and the Vetco Gray entities consider unduly burdensome, impractical, or costly, VETCO GRAY UK and the Vetco Gray entities need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which VETCO GRAY UK or a Vetco Gray entity, and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) calendar days after VETCO GRAY UK or a Vetco Gray entity serves the written advice. In the event VETCO GRAY UK or a Vetco Gray entity and the Monitor are unable to agree on an alternative proposal, VETCO GRAY UK or the Vetco Gray entity shall abide by the determinations of the Monitor. With respect to any recommendation that the Monitor determines cannot

reasonably be implemented within sixty (60) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Department.

11. VETCO GRAY UK and the Vetco Gray entities shall require the Monitor to undertake two (2) follow-up reviews to further monitor and assess whether VETCO GRAY UK and the Vetco Gray entities' policies and procedures are reasonably designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws and other applicable foreign bribery laws. Within one hundred twenty (120) calendar days of initiating each follow-up review, the Monitor shall: (a) complete the review; (b) certify whether VETCO GRAY UK and the Vetco Gray entities' anti-bribery compliance program, including its policies and procedures, is appropriately designed and implemented to ensure compliance with the FCPA, U.S. commercial bribery laws and other applicable foreign bribery laws; and (c) report on the Monitor's findings in the same fashion as set forth in Paragraphs 8 and 9 with respect to the initial review. The first follow-up review shall commence one year after appointment of the Monitor, and the second follow-up review shall commence at least one year after completion of the first review. The Monitor may extend the time period for these follow-up reviews with prior written approval of the Department.
12. In undertaking the assessment and reviews described in Paragraphs 8 through 11 above, the Monitor shall formulate conclusions based on sufficient evidence obtained through, among other things: (a) inspection of documents, including all the policies and procedures relating to VETCO GRAY UK and the Vetco Gray entities' anti-bribery compliance program; (b) onsite observation of VETCO GRAY UK and the Vetco Gray entities' systems and procedures, including VETCO GRAY UK and the Vetco Gray

entities' internal controls, recordkeeping and internal audit procedures; (c) meetings with and interviews of VETCO GRAY UK and the Vetco Gray entities' employees, officers, directors and any other relevant persons; and (d) analyses, studies and testing of VETCO GRAY UK and the Vetco Gray entities' anti-bribery compliance program. In undertaking such assessment and reviews, the Monitor, at his or her own discretion, may rely, to a reasonable extent and after reasonable inquiry, on reports, studies, and analyses issued or undertaken by other consultants hired by VETCO GRAY UK and the Vetco Gray entities prior to the date of this Agreement.

13. The charge of the Monitor, as further described in Paragraphs 7 through 12 above, is to review the controls, policies and procedures of VETCO GRAY UK and the Vetco Gray entities related to compliance with the FCPA, U.S. commercial bribery laws and all other applicable foreign bribery laws. Should the Monitor, during the course of his or her engagement, discover that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any VETCO GRAY UK or Vetco Gray entity or person, or any entity or person working directly or indirectly for VETCO GRAY UK or any Vetco Gray entity, the Monitor shall promptly report such payments to the Vetco Gray entities' Corporate Compliance Officer, Audit Committee, and outside counsel for further investigation, unless the Monitor believes, in the exercise of his or her discretion, that such disclosure should be made directly to the Department. If the Monitor refers the matter only to the Compliance Officer or outside counsel, VETCO GRAY UK or the relevant Vetco Gray entity shall promptly report the same to the Department. If VETCO GRAY UK or the relevant Vetco Gray entity fails to make such disclosure within ten (10) calendar days of the report of

such payments, the Monitor shall independently disclose his or her findings to the Department at the address listed above in Paragraph 9. Further, in the event that any VETCO GRAY UK or Vetco Gray entity or person working directly or indirectly for VETCO GRAY UK or a Vetco Gray entity refuses to provide information necessary for the performance of the Monitor's responsibilities, the Monitor shall disclose that fact to the Department. VETCO GRAY UK and the Vetco Gray entities, and their directors, or successors shall not take any action to retaliate against the Monitor for any such disclosures. The Monitor may report other criminal or regulatory violations discovered in the course of performing his or her duties, in the same manner as described above.

14. If the Monitor resigns, or is otherwise unable to fulfill his or her obligations as set out herein, VETCO INTERNATIONAL and VETCO GRAY UK, or their successors, shall within thirty (30) calendar days of the resignation or inability to fulfill his or her obligations identify a new proposed Monitor to the Department for approval. The Department shall consult with VETCO INTERNATIONAL and VETCO GRAY UK, using its best efforts to select and appoint a mutually acceptable Monitor as promptly as possible. In the event the parties are unable to agree on a new Monitor within thirty (30) days, the Department shall have the sole right to select a Monitor.
15. VETCO INTERNATIONAL, on behalf of VETCO GRAY UK, agrees that in the event VETCO GRAY UK sells, merges or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger or transfer, VETCO GRAY UK shall include in any contract for sale, merger or transfer a provision binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Exhibit.

EXHIBIT 3

PRIOR COMMITMENTS

1. VETCO INTERNATIONAL LIMITED (“VETCO INTERNATIONAL”), on behalf of and for the benefit of its wholly owned subsidiary, VETCO GRAY UK LIMITED (“VETCO GRAY UK”), and on behalf of each of its subsidiaries and affiliates including, but not limited to, Vetco Gray Controls Inc., Vetco Gray Controls Limited, Vetco Gray Inc., and VI Singapore 1 Pte. Ltd. (hereinafter collectively referred to as the “Vetco Gray entities”), represents that it has undertaken, and agrees that it will undertake and complete, the following steps, as previously committed by its owners and reflected in the Department of Justice’s Foreign Corrupt Practices Act (“FCPA”) Opinion Procedure Release No. 04-02 (July 12, 2004), as follows:
 - a. Continue to cooperate with the Department of Justice (the “Department”) and the Securities and Exchange Commission in their respective investigations of pre-July 2004 payments and to cooperate with other interested U.S. government agencies, as well as foreign law enforcement authorities, as may be applicable;
 - b. Ensure that any employee or officer of the businesses acquired on July 12, 2004 who continues to be employed by VETCO GRAY UK and other Vetco Gray entities who is found to have made or authorized unlawful or questionable payments to foreign officials is appropriately disciplined;
 - c. Disclose to the Department any additional pre-July 12, 2004 payments to foreign officials relating to the said acquired businesses and assets that it discovers after that date;

- d. Ensure that VETCO GRAY UK and the Vetco Gray entities adopt a system of internal accounting controls and a system designed to ensure the making and keeping of accurate books, records, and accounts; and
- e. Cause VETCO GRAY UK and the Vetco Gray entities to adopt a rigorous anti-corruption compliance code (“Compliance Code”), as described further below, that is designed to detect and deter violations of the FCPA, U.S. commercial bribery laws, and foreign anti-corruption laws. The anti-bribery Compliance Code of VETCO GRAY UK and the Vetco Gray entities will consist of the following elements, at a minimum:
 - i. A clearly articulated corporate policy against violations of the FCPA, U.S. commercial bribery laws, and foreign anti-bribery laws and the establishment of compliance standards and procedures to be followed by all directors, officers, employees, and all business partners, including, but not limited to, agents, consultants, representatives, joint venture partners and teaming partners, involved in business transactions, representation, or business development or retention in a foreign jurisdiction (respectively, “agents”; and “business partners”) that are reasonably capable of reducing the prospect that the FCPA, U.S. commercial bribery laws, or any applicable foreign anti-corruption law or the Compliance Code of VETCO GRAY UK and the Vetco Gray entities will be violated;
 - ii. The assignment to one or more independent senior corporate officials of VETCO GRAY UK and the Vetco Gray entities, who shall report directly to the Compliance Committee or Audit Committee of the Board of

Directors, of responsibility for the implementation and oversight of compliance with policies, standards, and procedures established in accordance with the Compliance Code of VETCO GRAY UK and the Vetco Gray entities;

- iii. The effective communication to all directors, officers, employees, agents and similarly situated parties, and business partners of corporate and compliance policies, standards, and procedures regarding the FCPA, U.S. commercial bribery laws, and applicable foreign bribery laws, by requiring: (A) regular training concerning the requirements of the FCPA, U.S. commercial bribery laws, and applicable foreign anti-corruption laws on a periodic basis for all directors, officers, employees, agents, and business partners; and (B) annual certifications by all directors, officers, employees, including the head of each VETCO GRAY UK and the Vetco Gray entities business or division, agents, and business partners certifying compliance therewith;
- iv. A reporting system, including a "Helpline" for directors, officers, employees, agents, and business partners to report suspected violations of the Compliance Code or suspected criminal conduct;
- v. Appropriate disciplinary procedures to address matters involving violations or suspected violations of the FCPA, U.S. commercial bribery laws, foreign bribery laws, or the Compliance Code;
- vi. Clearly articulated corporate procedures designed to ensure that all necessary and prudent precautions are taken to cause VETCO GRAY UK

and the Vetco Gray entities to form business relationships with reputable and qualified business partners;

- vii. Extensive pre-retention due diligence requirements pertaining to, as well as post-retention oversight of, all agents and business partners, including the maintenance of complete due diligence records at VETCO GRAY UK and the Vetco Gray entities;
- viii. Clearly articulated corporate procedures designed to ensure that VETCO GRAY UK and the Vetco Gray entities exercise due care to ensure that substantial discretionary authority is not delegated to individuals whom VETCO GRAY UK and the Vetco Gray entities know, or should know through the exercise of due diligence, have a propensity to engage in illegal or improper activities;
- ix. A committee consisting of senior VETCO GRAY UK and Vetco Gray entities corporate officials to review and to record, in writing, actions relating to: (A) the retention of any agent or subagents thereof; and (B) all contracts and payments related thereto;
- x. The inclusion in all agreements, contracts, and renewals thereof with all agents and business partners of provisions: (A) setting forth anti-corruption representations and undertakings relating to compliance with the FCPA, U.S. commercial bribery laws, foreign bribery laws and other relevant laws; (B) allowing for internal and independent audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (C) providing for termination of the agent or

business partner as a result of any breach of applicable anti-corruption laws and regulations or representations and undertakings related thereto;

- xi. Financial and accounting procedures designed to ensure that VETCO GRAY UK and the Vetco Gray entities maintain a system of internal accounting controls and make and keep accurate books, records, and accounts; and
- xii. Independent audits by outside counsel and auditors, at no longer than three-year intervals beginning after the completion of the Monitorship period, to ensure that the Compliance Code, including its anti-corruption provisions, are implemented in an effective manner.

2. In addition, VETCO GRAY UK and the Vetco Gray entities agree to undertake, carry out, or complete the following additional commitments it or its owners made to the Department as follows:

- a. Complete a compliance review of all “Second Tier Countries”¹ in which VETCO GRAY UK and the Vetco Gray entities conduct business;
- b. Complete a compliance review of certain “Secondary Acquisitions”² made on or after July 12, 2004, as those acquisitions apply to VETCO GRAY UK and the Vetco Gray entities;
- c. Complete a compliance review of all existing or proposed joint venture partners;

¹ The “Second Tier Countries” include: Bolivia, Equatorial Guinea, Kuwait, Papua New Guinea, Singapore, Trinidad and Tobago, Turkey, Japan, Oman, Thailand, Tunisia, Turkmenistan, Vietnam, Algeria, Brunei, Cameroon, Colombia, Libya, Mauritania, Pakistan, South Korea, Taiwan, Ukraine, Bahamas, Bangladesh, Costa Rica, Ecuador, Iraq, Peru, Philippines, and Uzbekistan.

² The “Secondary Acquisitions” include, among others: Interest in OFS Portal LLC ; Shares of ABB Oleo e Gas Ltda. (Brazil); Shares of Vetco Overseas Netherlands; and Assets of ABB India.

- d. Voluntarily disclose to the Department and investigate any newly discovered illegal or improper corrupt conduct;
- e. Complete the first year audit of the implementation of the Compliance Program and inform the Department of the findings; and
- f. Complete within a reasonable time period all investigations and reviews in progress at the time that the attached Plea Agreement is entered into, report to the Department regularly on the progress of such investigations and reviews, submit a final report with relevant supporting documents to the Department, and thereafter respond to all Department inquiries on these matters.

EXHIBIT 4**STATEMENT OF FACTS**

Had this matter proceeded to trial, the United States would have proven beyond a reasonable doubt, by admissible evidence, the facts alleged in the Information. This evidence would have established the following:

I. Background**A. Corporate Organizational Background**

1. On or about July 12, 2004, a group of private equity entities acquired the upstream oil and gas businesses and assets of ABB Handels-und Verwaltungs AG (“ABB”), a holding company incorporated and with its headquarters in Zurich, Switzerland. Vetco International Limited (“Vetco International”), Vetco Limited (“Vetco Limited”), and Vetco International Holding 4 Limited (“Vetco Holding”), all United Kingdom companies, were established to hold the acquired ABB entities, including, among others, ABB Offshore Systems Inc., ABB VETCO GRAY UK Ltd., ABB Offshore Systems Limited, ABB Offshore Systems AS, and ABB Vetco Gray Inc. The resulting organizational structure cascaded as follows: Vetco International was the direct parent corporation of Vetco Limited; Vetco Limited was the direct parent corporation of Vetco Holding; and, Vetco Holding was the direct parent corporation of the acquired ABB entities.

2. Since July 12, 2004, many of the ABB entities have been renamed. ABB Offshore Systems Inc. was renamed Vetco Gray Controls Inc., a Texas corporation with its headquarters in Houston, Texas. ABB Vetco Gray UK Ltd. was renamed Vetco Gray UK Limited, a company incorporated in the United Kingdom and headquartered in Aberdeen, Scotland. ABB Offshore Systems Limited was renamed Vetco Gray Controls Limited, a United Kingdom corporation based in Nailsea, England. ABB Offshore Systems AS was renamed

Vetco Aibel AS, a Norwegian company with offices in Billingstad (hereinafter collectively referred to as “Vetco Aibel AS”). ABB Vetco Gray Inc. was renamed Vetco Gray Inc., a Texas corporation with headquarters in Houston, Texas (hereinafter collectively referred to as “Vetco Gray Inc.”).

3. In July 2004, another Vetco Limited subsidiary was created. Vetco Aibel Holding Limited is a United Kingdom company, and it eventually became the parent of most of the previous named ABB Offshore AS entities conducting business in countries outside Norway, including those in Africa, Asia and Latin America.

4. On or about December 7, 2006, Vetco Holding and Vetco Limited became sister companies. Vetco Holding became the parent of all Vetco Gray entities worldwide including, among others, the defendants. Vetco Limited was renamed Aibel Group Limited (hereinafter referred to as “Aibel Group Limited”) and became the direct parent of, among others, Vetco Aibel AS, Vetco Aibel Holding Limited and Drillings Controls, Inc. Drilling Controls, Inc., was created in Delaware, with some of the operations and personnel of Vetco Gray Controls Inc., and is based in Houston, Texas.

B. Operations Background

5. Although Vetco International includes many subsidiaries and affiliates under its corporate umbrella, these entities are combined into divisions that cross the formal corporate structure, and their employees are frequently detailed between companies, in order to more efficiently conduct business. These divisions are organized by business area. Those entities that manufacture subsea, surface and drilling equipment for oil field operators are organized into the Vetco Gray division, which also manages the execution of Engineering, Procurement and Construction (“EPC”) of subsea projects.

6. The Vetco Gray division includes the historical Vetco Gray entities as they existed prior to July 12, 2004 and certain units of the former ABB Offshore Systems entities. Among the ABB Offshore Systems units that were integrated into the Vetco Gray division were units in Nailsea, England and in Houston, Texas, which designed and manufactured production controls which are critical to the operation of subsea equipment; units of ABB Offshore Systems AS in Norway that designed and manufactured templates and manifolds; and units of ABB Offshore Systems AS, and of ABB Offshore Systems Inc. in Norway and Houston respectively, that managed EPC project execution and business development for subsea projects.

7. The Vetco Gray division operates throughout the world, including the United States, the United Kingdom and Norway, and serves a broad range of customers, including both state-owned and private oil companies, drilling contractors, and independent exploration and production companies. In order to execute its subsea projects, Vetco Gray entities and personnel located outside the United States frequently required the services of Vetco Gray entities and personnel located in the United States.

8. Between in or about September 2002 and in or about April 2005, ABB Offshore Systems Inc. and its successor company defendant Vetco Gray Controls Inc. (collectively referred to as "VETCO GRAY CONTROLS INC."), had general responsibility within the Vetco Gray division for manufacturing subsea equipment and managing the technical, commercial and administrative coordination of subsea EPC projects. Both entities were and are "domestic concerns" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(1)(B).

9. Between in or about September 2002 and in or about April 2005, defendant VETCO GRAY CONTROLS INC. frequently provided services to ABB Vetco Gray UK Ltd. and its successor entity defendant Vetco Gray UK Limited (collectively referred to as "VETCO

GRAY UK”). VETCO GRAY UK is incorporated under the laws of the United Kingdom, with its principal place of business in Aberdeen, Scotland. VETCO GRAY UK had general responsibility within the Vetco Gray division for business in the “Eastern Region,” that included, among other countries, the Federal Republic of Nigeria. VETCO GRAY UK was and is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1). As more fully described herein, VETCO GRAY UK, by frequently using its co-defendants and other affiliated U.S. entities and their personnel to perform acts for the benefit of VETCO GRAY UK and its subsidiaries and affiliates in connection with the joint performance of subsea projects, while in the territory of the United States, used and caused the use of the mails and means and instrumentalities of interstate commerce and performed other acts in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign government official for the purpose of assisting in obtaining or retaining business for, or directing business to, any person or securing an improper advantage, all within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. §78dd-3.

10. Between in or about September 2002 and in or about April 2005, defendant VETCO GRAY CONTROLS INC. frequently provided services to defendant Vetco Gray Controls Limited and its predecessor ABB Offshore Systems Ltd. (collectively referred to as “VETCO GRAY CONTROLS LIMITED”). VETCO GRAY CONTROLS LIMITED is incorporated in the United Kingdom with headquarters in Nailsea, England, and offices in Aberdeen, Scotland. VETCO GRAY CONTROLS LIMITED was and is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1). As more fully described herein, as a result of its having frequently used its co-defendants and other affiliated U.S. entities and their personnel to perform acts for the benefit of VETCO GRAY CONTROLS

LIMITED and its subsidiaries and affiliates in connection with their joint performance of subsea projects, defendant VETCO GRAY CONTROLS LIMITED, while in the territory of the United States, used and caused the use of the mails and means and instrumentalities of interstate commerce and performed other acts in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign government official for the purpose of assisting in obtaining or retaining business for, or directing business to, any person or securing an improper advantage, all within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. §78dd-3.

11. Between in or about September 2002 and in or about April 2005, defendant VETCO GRAY CONTROLS INC. frequently provided services and personnel to Aibel Group Limited, through its principal subsidiary Vetco Aibel AS and its predecessor ABB Offshore Systems AS (collectively referred to as “Vetco Aibel AS”) and to Vetco Gray Inc. and its predecessor ABB Vetco Gray Inc. in Houston, Texas (collectively referred to as “Vetco Gray Inc.”). Both Aibel Group Limited and Vetco Gray Inc. manufactured equipment for subsea projects.

12. The Ministry of Finance of the Federal Republic of Nigeria is responsible for assessing and collecting duties and tariffs on goods imported into Nigeria, through a government agency called the Nigerian Customs Service (“NCS”). Employees of NCS are “foreign officials” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(2)(A) and 78dd-3(f)(2)(A).

13. A major international freight forwarding and customs clearing agent (hereinafter “Agent A”) provided services to the defendants and their co-conspirators in Nigeria and other countries. These services included express door-to-door courier freight and other logistics and

customs clearance services. Between at least in or about September 2002 and in or about April 2005, defendants and their co-conspirators frequently used Agent A to clear goods and equipment through, and resolve disputes and other problems with, employees of NCS.

C. The Bonga Contract

14. In or about February 2001, defendant VETCO GRAY UK was awarded a \$460 million contract to engineer, procure and construct all subsea equipment for drilling in connection with Nigeria's first deepwater oil project (hereinafter referred to as "the Bonga Contract"). The customer on the Bonga Contract was a joint venture between a private oil company and the government of the Federal Republic of Nigeria (hereinafter referred to as "the customer").

15. As part of the Bonga Contract, the defendants supplied to the customer subsea hardware and software equipment and engineering services for the production of oil, including manifolds, trees, wellheads, connection systems, controls, modules, intervention equipment, integration testing, and installation support.

16. Under the terms of the Bonga Contract, defendant VETCO GRAY UK performed certain portions of the Bonga Contract itself and delegated or subcontracted other work to its co-defendants and affiliated entities.

17. Defendant VETCO GRAY UK manufactured in Scotland the subsea "Christmas" trees, associated hardware and certain topside it supplied under the Bonga Contract. It also established and staffed a base in Onne Port, Nigeria (the "Onne Base") to provide in-country support for the Bonga Contract, with the assistance of employees of Vetco Gray Nigeria

(“VGN”), a Nigerian company owned by ABB and a group of Nigerian individuals.³ From in or about September 2002 until in or about July 2005, defendant VETCO GRAY UK managed VGN.

18. Defendant VETCO GRAY CONTROLS LIMITED manufactured subsea control modules (“SCMs”) to operate the subsea “Christmas” trees and maintained an aftermarket facility.

19. Defendant VETCO GRAY CONTROLS INC. manufactured subsea terminals and provided engineers for in-country technical support.

20. In or about 2001, defendants VETCO GRAY UK and VETCO GRAY CONTROLS INC. entered into a consortium agreement pursuant to which VETCO GRAY CONTROLS INC. became the technical, commercial and administrative coordinator of the Bonga Contract and became responsible for the transportation and customs clearance of all goods and equipment destined for that project.

21. Defendant VETCO GRAY CONTROLS INC. assigned the management of the Bonga Contract to an EPC group based in Houston, Texas (the “EPC Group”), whose primary role was to interface with the customer and all material and service suppliers, including the issuance of variation orders, the approval of invoices and the coordination of internal recoupment of costs. The EPC Group appointed an overall Project Manager for the Bonga Contract (the “EPC Bonga Project Manager”) and a logistics coordinator (the “EPC Logistics Coordinator”). Between in or about September 2002 and in or about April 2005, employees of Aibel Group Limited, seconded to defendant VETCO GRAY CONTROLS INC., served as EPC Bonga

³ This group included a local Nigerian “chief” who was a participant in the conduct that led to criminal convictions of ABB Vetco Gray Inc. and ABB Vetco Gray UK Ltd. in July 2004 for violating the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1, *et seq.*

Project Managers. Employee A held that position from in or about September 2002 until in or about March 2003, followed by Employee B from in or about March 2003 until in or about April 2005. During that same period, Employee C of defendant VETCO GRAY CONTROLS INC. was the EPC Logistics Coordinator for the Bonga Contract.

22. Each of the defendants and co-conspirators that supplied goods or equipment for the Bonga Contract appointed a deputy project manager who reported to the EPC Bonga Project Manager in Houston and frequently communicated with the EPC Logistics Coordinator in Houston regarding the shipment of goods and equipment to Nigeria. Between in or about February 2003 and in or about April 2005, employees of defendant VETCO GRAY UK and of Aibel Group Limited, who were seconded to defendant VETCO GRAY UK, served as Onne Base Managers. Employee D, an employee of Aibel Group Limited, seconded to defendant VETCO GRAY UK, was one of the Onne Base Managers from about February 2003 until April 2005.

23. Defendant VETCO GRAY CONTROLS INC. was responsible for the cost of transportation and customs clearance for goods and equipment sent to Nigeria for the Bonga Contract. Defendant VETCO GRAY CONTROLS INC. generally sought to recover those costs from its customer, unless the EPC Group determined that another defendant or a Vetco International entity should bear the costs, in which case it either required that entity to pay the charges or sought to recover them later.

24. Agent A handled all arrangements to clear goods and equipment through Nigerian customs on behalf of defendants, including the processing of required documents and obtaining needed approvals from NCS officials. Agent A, at the request of employees of defendants, sought to resolve disputes or problems that arose with Nigerian customs officials.

25. Agent A invoiced defendant VETCO GRAY CONTROLS INC. for its services in Nigeria, unless defendants VETCO GRAY CONTROLS LIMITED or VETCO GRAY UK directly requested the services of Agent A, in which case they were invoiced directly.

II. Overview of Violations

26. From at least in or about September 2002 until at least in or about April 2005, the defendants and their co-conspirators, through their respective employees, participated with each other and with other persons known and unknown to the Department of Justice in a scheme to authorize corrupt payments to NCS officials in Nigeria to induce those officials to provide to the defendants and their co-conspirators preferential treatment in the customs clearance process and to secure an improper advantage with respect to the importation of goods and equipment into Nigeria. On at least 61 occasions, corrupt payments of approximately \$2.1 million were made to NCS officials in Nigeria. These corrupt payments were made by Agent A on behalf of defendants and their co-conspirators, with the knowledge and authorization of defendants and their co-conspirators in connection with Agent A's "express courier service;" "interventions;" and "evacuations."

III. Details of the Violations

27. From in or about September 2002 until in or about April 2005, the defendants and their co-conspirators used Agent A to assist in the clearance of goods and equipment through, or to avoid, Nigerian customs. Agent A provided services in Nigeria that were neither listed on its published tariff rate sheet for Nigeria nor openly advertised, including an express air courier service, "interventions" and "evacuations." Defendants and their co-conspirators used these services when (a) goods and equipment were improperly or illegally imported into Nigeria; (b) documentation for imported goods was not in order, (c) there were delays in clearing goods and

equipment through the lawful customs process due to the failure to post bonds with sufficient funds to cover duties and tariffs, or (d) infractions of Nigerian customs laws were committed by, or on behalf of, the defendants and their co-conspirators.

28. Employees of defendants and their co-conspirators who worked on the Bonga Contract knew that, in connection with its unlisted services, Agent A made corrupt payments to NCS officials to induce these officials to disregard their official duties and responsibilities and to provide preferential treatment and otherwise obtain improper advantages regarding the customs clearance process for defendants and their co-conspirators. The conduct of defendants and their co-conspirators was “knowing” within the meaning of that term as it is used in the Foreign Corrupt Practices Act, §§ 78dd-2(h)(3) and 78dd-3(f)(3).

A. Agent A’s “Express Courier Service”

29. Agent A first offered defendants and their co-conspirators its unlisted “express courier services” for shipments for the Bonga Contract in or about September 2002 when delays in the clearance of goods and equipment through Nigerian customs began to jeopardize the first oil production schedule. During a telephone conference call between representatives of Agent A, Employee A, Employee C, and representatives of the customer, Agent A’s representatives described the express courier service as a door-to-door courier service that would expedite the delivery of much needed goods and equipment. The representatives of Agent A explained that goods that were shipped using this method would arrive in Nigeria “customs cleared” and would result in a significant reduction of the required customs duties and tariffs, but that Agent A’s fees for this service would be significantly higher than for its regular air freight delivery service. They further explained that Agent A would send the defendants two invoices, one purporting to be based on the weight of the shipment and the other charging a special fee. Agent A emphasized

that Agent A would be unable to provide defendants any receipt for the special fee or any receipts for or documentation of any payment of customs duties. The fee was initially described on Agent A's invoices as a "local processing fee" and then later changed to "administrative/transport fees." At various times, Employees A and C discussed the information provided by representatives of Agent A with Employees B and D and other employees of the defendants and their co-conspirators.

30. As representatives of Agent A had advised, in connection with each shipment made with the unlisted express courier service, Agent A sent the defendants two separate invoices. The first invoice reflected a charge based on the weight of the goods shipped that was four times as high as the per kilogram charge for Agent A's regular air freight delivery service. The second invoice, submitted weeks later and without any supporting receipts or documentation, simply stated "local processing fee" without any further description or specifics. In or about October 2004, Agent A discontinued the use of the term "local processing fee" and replaced it with "administrative/transport fee."

31. In or about the years 2002 and 2003, another representative of Agent A told the EPC Logistics Coordinator, Employee C, that Agent A's express courier service operated pursuant to an "on the side," "internal" agreement between Agent A and certain unnamed NCS officials. When Employee C sought explanations about this so-called agreement, the representative of Agent A declared that "it was none of [Employee C's] business how [Agent A would] get it done" and that Employee C did "not want to know" what Agent A had to do. At this point, Employee C understood that Agent A made corrupt payments to NCS officials. Nevertheless, on numerous occasions between in or about September 2002 and in or about April 2005, Employee C, for the benefit of defendants and their co-conspirators, authorized the

shipment of goods and equipment of the defendants to Nigeria with Agent A's "unlisted" express air courier service.

32. Representatives of Agent A explained to various employees of defendants that Agent A's express courier service flights only landed in Nigeria during the night and that all goods were wrapped in black plastic to avoid close scrutiny by customs officers. The goods were then available for immediate deployment to the customer's offshore rigs. In addition, although Nigerian regulations imposed a 50 kilogram weight restriction on commercial cargo shipped by air courier, in connection with its express courier service Agent A disregarded these restrictions and accepted packages that weighed as much as 500 kilograms.

33. There were many instances between in or about 2003 and in or about 2005, when employees of the defendants and their co-conspirators acted with full knowledge of the corrupt activities of Agent A.

34. On or about October 29, 2003, Employee E, a VGN employee, wrote an e-mail to various employees of defendant VETCO GRAY UK, including Employee F, the VETCO GRAY UK Deputy Bonga Project Manager, in which Employee E explained that Agent A's express courier service could be used for "imports to Nigeria cause believe it or not, they sneak the goods past customs."

35. On or about November 11, 2003, Employee E wrote to Employee G, the defendant VETCO GRAY UK's Country Manager for Nigeria, that Employee E always "had to manipulate paper for customs when these [express courier service] items have to be exported out, as there are always no back up docs. The [express courier service] is an [Agent A] special arrangement where they subvert customs procedure at the airport to deliver items to their clients."

36. In or about December 2003, Employee D understood that Agent A “likely lined customs’ officials pockets” with money in order to operate its “express courier service.” Indeed, on or about February 3, 2004, Employee D wrote in an e-mail to Employee B, the then-EPC Bonga Project Manager, and Employee C, the EPC Logistics Coordinator in Houston, that “[a]s we all know, [Agent A’s courier service] is a “movement into the country when customs are paid to ‘close their eyes’ and movements at the airport when it is dark, this is Nigeria.” By this time, Employee C believed that “everyone at Vetco [entities] suspected that the express courier service shipments were arriving in Nigeria outside the system” and that Agent A was “evading” the normal customs process.

37. Nevertheless, in or about January 2004, in order to be reimbursed by the customer for the express courier service charges, Employee C, at the direction of Employee B, requested that Agent A alter the wording of its invoices to reflect its “on the side” agreement with NCS officials. On or about January 20, 2004, in an e-mail, Employee C asked a representative of Agent A to change the wording of the express courier invoices to read from “just shipping to shipping/customs.” Employee C also asked Agent A’s representative for a letter stating that the “premium paid in the shipping cost is a internal agreement/payment paid to Nigeria customs. . . . By all means I do not want to do anything to jeopardize the process and companies involved.” Agent A apparently did not respond to this request, and defendants and their co-conspirators continued to use the “unlisted” express courier service.

38. It was agreed by defendants and their co-conspirators that VETCO GRAY CONTROLS INC. would pay for the unlisted, unreceipted express courier services on behalf of the defendants. On or about November 29, 2002, defendant VETCO GRAY UK used the express courier service to ship certain equipment to Nigeria. Defendant VETCO GRAY

CONTROLS INC., however, agreed to pay for those charges, including an invoice from Agent A for “local processing fees” in the amount of £18,260 (USD \$ 27,877). On or about February 10, 2003, Employee A approved that invoice for payment and on or about February 18, 2003, defendant VETCO GRAY CONTROLS INC. wire transferred at least \$27,877 to Agent A for those services.

39. From in or about September 2002 until in or about April 2005, other defendants and co-conspirators made separate arrangements with Agent A to use its express courier service, without going through VETCO GRAY CONTROLS INC. Beginning in or about January 2004, defendant VETCO GRAY CONTROLS LIMITED oftentimes directly authorized Agent A to ship equipment via its express courier service. On or about January 30, 2004, Employee H, Deputy Bonga Project Engineer for defendant VETCO GRAY CONTROLS LIMITED, sent an e-mail to a representative of Agent A questioning the “local processing fees.” Agent A’s representative replied in an e-mail that the “the ‘local’ processing fee . . . is approx 1/3 of the duties. This is the rub.”

40. On or about January 30, 2004, the representative of Agent A sent an e-mail to Employee H regarding a conversation the Agent A representative had with Employee C in which the representative recommended that the express courier service be used for “all future shipments” because “customs in [Port Harcourt] is really digging their heels in on clearance.” Later that day, Employee H replied by e-mail to Agent A’s representative that defendant VETCO GRAY CONTROLS LIMITED would pay the “local processing fees” for the above mentioned shipment and would continue to use Agent A’s express courier service, which it did.

41. On or about November 16, 2004, in response to a representative of Agent A asking for the payment of invoices for express courier services requested and authorized by

defendant VETCO GRAY CONTROLS LIMITED, Employee I, the Senior Commercial Officer for that entity, stated in an encrypted e-mail to an Agent A representative that “[t]here is not a problem with the principle of paying for the import fees seeing as we asked you to deliver. What we do have a problem with is our business compliance team breathing down our necks and a £61,000 bill for imports processing fee attracts a lot of attention. All previous amounts that you have billed us have been covered but if we are investigated over this amount, then they will also look at the past. . . . The problem is that if this payment is not 100% backed up, then we will be banned from using the [express courier] service – not something that any of us want.”

42. Other employees of defendants and their co-conspirators, including those of the customer, expressed concerns about using “unlisted” services of Agent A for which there were no receipts. On or about December 21, 2004, the Bonga Contract customer refused to reimburse defendant VETCO GRAY CONTROLS INC. for the “local processing fee” charges of Agent A absent “documentation proving payment made (legitimately and for actual importation value that should be incurred) to an authorized Nigerian Customs official for deposit into a Nigerian Govt bank account.” In a letter to the customer, Employee B responded that “[t]he service has been utilized specifically for the purpose of expediting equipment into the country for your ultimate benefit and you have known throughout the circumstances pertaining to the payment of import duty where equipment is brought in under a courier license.” At the same time, however, Employee B and others in the EPC Group in Houston continued to seek proof from Agent A that Agent A had paid Nigerian customs duties on goods shipped by defendants by express courier service.

43. In or about January 2005, a representative of Agent A told Employee C, Employee B, and other employees of defendant VETCO GRAY CONTROLS INC. that the

“unlisted” express courier service “always includes the transportation only, but never duties/taxes,” and as such Agent A could not provide proof that Nigerian customs duties were paid.

44. On or about March 25, 2005, after receiving an e-mail from Employee J of defendant VETCO GRAY CONTROLS LIMITED that stated that VETCO GRAY CONTROLS LIMITED was about to send a shipment to Nigeria on Agent A’s express courier service, Employee B responded, copying Employee K, the Bonga First Oil Task Team Manager, who was employed by defendant VETCO GRAY CONTROLS LIMITED, that Agent A’s express courier service was “not acceptable, illegal. . . . I don’t want to see any invoices coming my way in this regard.” Notwithstanding that warning, employees of defendant VETCO GRAY CONTROLS LIMITED in Nailsea continued with their plan to ship additional equipment on Agent A’s express courier service. That plan was stopped by Employee K who overheard the conversation of the other employees.

45. On or about April 20, 2005, when defendant Vetco Gray Controls Limited finally stopped using Agent A’s “express courier service,” its employees attempted to find an alternative expedited shipping method. In an effort to identify such an alternative, Employee L, a temporary administrative assistant employed by defendant Vetco Gray Controls Limited discussed Agent A’s express courier service with, among others, Employee M, a former Vetco Gray Controls Limited Deputy Bonga Project Manager.

46. On or about April 22, 2005, Employee L wrote a memorandum based on his discussions with, among others, Employee M regarding Agent A’s express courier service. Employee L’s memorandum, which was sent by e-mail to, among others, Employee M stated that Agent A’s express courier service raised “potential compliance issues” but that “a pragmatic

compliance decision may have been made” that the courier service “is acceptable” because “it is not possible to get anything imported to Nigeria within any vaguely realistic timeframe, without ‘facilitating’ the passage of paperwork. Whilst this is still a form of corruption, it is arguably not in the same category as making payments designed to influence the award of contracts.”

47. After receiving the memorandum, Employee M, pressured Employee L to revise his memorandum because “people could get fired” for writing such a memorandum.

48. On or about April 22, 2005, Employee L distributed a sanitized version of his original memorandum that replaced the offending language with the statement that a “pragmatic compliance decision” had been made to permit the use of Agent A’s express courier service.

B. “Interventions”

49. As part of the scheme, from at least in or about September 2002 through in or about April 2005, defendants, through their employees, agreed to authorize and have Agent A make a second type of corrupt payment known as an “intervention” to NCS officials. When defendants and their co-conspirators were caught violating Nigerian customs rules or NCS officers seized defendants’ goods, defendants, through their employees, would authorize Agent A to perform an “intervention” to “resolve” the problem or violation. Between in or about April 2003 and in or about April 2005, Agent A performed at least 19 “interventions” for the benefit and with the authorization of defendants and their co-conspirators.

50. In or about January 2005, a representative of Agent A described an “intervention” as a form of negotiation with a Nigerian government official pursuant to which Agent A “intervened” to settle a problem or dispute that typically involved a customs or immigration matter. Agent A’s representative explained that the cost of the intervention depended on the size

of the “favor” requested by the official to resolve the problem or dispute, and that the Nigerian government official receiving the payment would not provide a receipt.

51. Employees of the defendants and their co-conspirators knew that Agent A’s “intervention” payments to Nigerian government officials were corrupt. Employee G, the Nigeria Country Manager for defendant VETCO GRAY UK, understood that an “intervention” was a euphemism for a “bribe.” Employee N, the Senior Vice President for defendant Vetco Gray Controls Limited, defined “interventions” as “illegal payments” made to “third parties to speed things through customs.” Employee C described “interventions” as a service of Agent A provided by Agent A that required payments to customs officers to clear goods quickly. Employee D knew that an “intervention” was an improper payment to a customs officer to “sort out trouble.”

52. Although employees of the defendants knew that the unlisted and unreceipted “intervention” services of Agent A involved the making of corrupt payments to NCS officials, they nevertheless continued to authorize Agent A to perform “interventions” or to otherwise assist in resolving disputes with NCS officials to assist the defendants and their co-conspirators in their performance of the Bonga Contract.

53. In or about the fall of 2004, an employee of defendant VETCO GRAY UK had a dispute with NCS officials over the employee’s improper removal of fire-damaged pipe connectors from the Free Zone at the Onne Base. After the fire, new connectors were imported into Nigeria by defendant VETCO GRAY UK with the assistance of another customs clearing agent (“Agent B”). Since the Free Zone did not have welding facilities to join the new connectors to the pipes, the pipes and the connectors were removed from the Free Zone to another location. Customs officers objected to this improper removal of the equipment without

first paying the required duties. Agent B recommended that defendant VETCO GRAY UK make a payment to the customs officials to “resolve” the dispute but Employee D rejected the proposal of Agent B and the customs officers then retaliated by blocking the clearance of all of defendants’ goods.

54. On or about November 8, 2004, having exhausted all other options to resolve the dispute with the customs officer, Employee D sought the assistance of Agent A, after obtaining the authorization of Employee G and Employee O, the Port Harcourt Operations Manager, both of defendant VETCO GRAY UK, on or about November 12 and 15 respectively.

55. In or about November 2004, a representative of Agent A reported to Employee D that customs officers were looking for a 3 to 4 million Naira (approximately \$23,000 to \$31,000) bribe to “get things moving” and that the “customs guys were clearly looking for money” to remove the hold on defendants’ goods.

56. In or about late 2004, Employee D, in a telephone call, reported to the Senior Vice President for defendant VETCO GRAY UK (“Executive A”) that the situation had not been resolved because Employee G was not taking any action. As a result, “serious delays” were occurring on the Bonga Contract because defendants’ goods had been held by customs for three months. Employee D added that customs officials were demanding a \$20,000 to \$25,000 bribe in order to begin releasing the repaired equipment and all other goods of defendants.

57. On or about December 2, 2004, a meeting took place in Nigeria, attended by, among others, Employees D and G, Executive A and a representative of Agent A, during which the representative of Agent A offered to make the bribe payment on behalf of the defendants and submit a “fake” invoice for it. Executive A refused to pay the bribe and rejected Agent A’s proposed invoice that described the bribe as a “customs intervention.” Surprisingly, the

blockage of all of defendants' goods was lifted by customs soon thereafter. Also notwithstanding the concerns Executive A expressed, neither individual nor anyone else at Vetco International took any action to initiate an investigation of the bribe request or the fake invoice proposal of Agent A.

58. In or about June 2003, Agent A assisted the defendants and their co-conspirators in resolving another dispute with NCS officials that involved material for the manufacture of manifolds that had been imported into Nigeria by Aibel Group Limited during the fall of 2002. In or about the fall of 2002, under the direction of the Deputy Bonga Project Manager for Aibel Group Limited ("Employee P"), materials were imported into Nigeria, without the payment of customs duties, to manufacture manifolds for the Bonga Contract, with the assistance of yet another customs clearance agent ("Agent C"). These materials were thereafter taken out of the Customs Free Zone, apparently without authorization, to a fabrication facility known as Ascot, near Port Harcourt, Nigeria. After the fabrication of the manifolds was completed, Employee C arranged for Agent A to return the manifolds to the Free Zone and then ship them to an offshore oil rig.

59. On or about June 4, 2003, Employee D and other employees of VETCO GRAY UK in Nigeria were notified by a VGN employee that an NCS official had concluded that the materials and manifolds had been improperly removed from a secure customs zone in an "attempt to deprive the [Nigerian] Federal Government of its [tariff] revenue." The NCS officer gave employees of defendant VETCO GRAY UK "up to the weekend to sort things out" or he would "apply the full weight of the law."

60. On or about June 4, 2003, Employee D notified Employee P of Aibel Group Limited, the entity that owned the manifolds, that it could take "up in 10M Nairas" to resolve the

dispute “since it seems the paper work isn’t in complete order.” Employee D offered to “hopefully . . . get this issue resolved” with the assistance of Agent A.

61. On or about June 9, 2003, a VGN employee notified Employee D that the NCS official had again warned that the unauthorized removal of the manifolds “without customs clearance” “was a serious offense under the customs law that attract serious penalties, financially and otherwise.”

62. On or about October 31, 2003, Employee D, in an e-mail, informed Employee B of VETCO GRAY CONTROLS INC. in Houston that Employee P insisted that “EPC” in Houston resolve the problem. Employee D explained to Employees B and P that the material originally imported into Nigeria by Aibel Group Limited had “a real [customs] duty of 9.8 M[illion] Naira (72.000 USD) that should have been paid but wasn’t properly coordinated when the materials, in the meantime were removed from the Onne Free Zone in autumn 2002. Likewise the necessary information wasn’t given before the transport back to Onne, this resulted in paperwork that didn’t properly reference ‘the books’ and will result in punishment.” Employee D reassured Employee B that Agent A “can now solve this” and had negotiated a “reduced” payment to customs officers of five million Naira. Employee D added that the payment could be referred to in Agent A’s invoice to defendants and their co-conspirators as an “‘evacuation cost’ . . . or a direct custom/handling cost.”

63. On or about November 3, 2003, Agent A informed Employee D that the “customs [official] was [now] insisting on six million Naira [approximately \$45,454],” instead of the previous request of five million Naira, because “more people of customs are involved due to the long time it took to find an agreement.” Employee D then authorized Agent A to “do this,” but

requested that Agent A “at the same time give it a go for the 5M again.” Later that day, Agent A notified Employee D that he had failed to lower the payment demand.

64. On or about November 4, 2003, Employee P wrote in an e-mail to Employee D that the proposed “evacuation cost sounds fine” since it resulted in a saving of money, but requested that Agent A “spread the cost” on its invoice to defendants and their co-conspirators, among generic charges to the customer.

65. On or about November 4, 2003, Employee D authorized Agent A “to pay the 6M Naira to close the related customs issue,” but added that defendants and their co-conspirators would instruct Agent A later on “the format and information to be included on your invoice.”

66. In or about November 2003, Agent A confirmed to the defendants that it made the corrupt payment to NCS officials.

67. On or about October 6, 2004, a representative of Agent A met with Employee D in Nigeria to discuss the still “outstanding” invoice of Agent A for the “intervention” or “evacuation” payment of 6 million Naira related to the manifolds.

68. On or about November 23, 2004, a representative of Agent A sent an e-mail to Employee C in Houston regarding “Manifold Foundations from Ascot Yard – PHC-NGN 6 Mio Customs Duty,” that noted that Agent A had been advised to invoice VETCO GRAY CONTROLS INC. “in Houston for these charges.” On or about December 15, 2004, Employee P, in an e-mail to Employee C, insisted that the EPC Group in Houston was responsible for the charges related to the manifold bribe. Subsequently, Employees B, C, D and P agreed, during a telephone conference between Norway and the United States, that Agent A would be asked to send its invoice to the EPC Group at VETCO GRAY CONTROLS INC. for the benefit of Aibel Group Limited and that a customs receipt would be sought from Agent A.

69. On or about December 15, 2004, Employee C in Houston instructed Agent A in writing that the invoice should be sent to his attention in Houston and that the invoice should describe the six million Naira payment to NCS officials as "Manifold Foundation Customs Clearance Cost." Employee C also asked that Agent A provide a receipt for the payment.

70. In or about April 2005, Agent A sent the requested invoice to defendant VETCO GRAY CONTROLS INC. in Houston without any receipt or other evidence that any customs duties had been paid. On or about April 4, 2005, Employee C once again wrote an e-mail to Agent A stating: "There must be something you can send me to support this cost?" On or about April 8, 2005, Agent A replied by e-mail to Employee C that the "reason for the costs [payment] were the blockage of Vetco through customs and the necessity to have the cargo moved. There are no further vouchers available."

71. On or about April 11, 2005, after Employee C again requested by e-mail "something" to show that the amount had been "paid to Nigeria customs," Agent A replied by e-mail: "We discussed this now on several occasions. We issued now the invoice as requested by yourself. You know exactly what was done and how all this came together."

72. Agent A also performed "interventions" on behalf of defendants and their co-conspirators when employees of the latter illegally hand-carried, or smuggled, equipment into Nigeria. These hand carries occurred when parts and equipment were urgently needed and the delays at customs could not be risked. Typically, employees carrying the parts would place them in their checked luggage in the United States or the United Kingdom and would enter Nigeria without declaring them to customs officials or paying the legally required duties. Representatives of Agent A would either meet the employees of defendants at the plane and escort them through customs without declaring the goods or would assist in obtaining the release

of smuggled items seized by customs. In either instance, representatives of Agent A made illegal and improper payments to NCS officials, with the full knowledge and authorization of defendants, to secure an improper advantage for the defendants.

73. On or about March 29, 2005, Employee C approved a corrupt payment made by Agent A to NCS officials for "Onne Port gate pass intervention without shipment's Customs clearance documents."

C. "Evacuations"

74. From at least in or about September 2002 until in or about April 2005, defendants and their co-conspirators agreed to authorize and have Agent A make a third type of corrupt payment to NCS officials in Nigeria to induce these officials to provide defendants preferential treatment and secure an improper advantage in the importation of goods into Nigeria. These payments, referred to as "evacuations," were made when defendants urgently needed goods that were delayed in customs because of the failure to pay customs duties or documentation irregularities. After defendants authorized Agent A to perform an "evacuation" by making the payments demanded by NCS officials, the delayed goods would be "miraculously" allowed to leave the custody of Nigerian customs for deployment to the Bonga customer.

75. In or about January 2004, representatives of Agent A described "evacuations" to various employees of defendants and their co-conspirators as a fee "negotiated case by case" with customs officials to be paid "in case of discrepancies on documentation," and that Agent A would not, and could not, provide defendants government receipts that customs duties had been paid on such "evacuated" goods. Employees of the defendants knew that this documentation could not be provided because this unlisted service of Agent A involved the making of corrupt payments to NCS officials and did not include the payment of official customs duties to the

Nigerian government. Notwithstanding that knowledge, defendants continued to authorize Agent A to perform “evacuations.”

76. Between in or about September 2002 and in or about April 2005, defendants authorized Agent A to perform at least 21 such “evacuations,” at a cost ranging between \$1,644 and \$32,497 for each “evacuation.”

77. In or about March 2003, a VETCO GRAY UK employee who was at the time an Onne Base Manager (“Employee Q”), informed a senior employee of Aibel Group Limited (“Employee R”) by e-mail that the defendants were “having major customs [clearance] problems here in Nigeria” and could get a “[s]pecial customs evacuation to clear” the goods although “[o]f course anything special in Nigeria means we have to PAY.” Employee R, on the recommendation of Employee Q, authorized Agent A to perform the “special evacuation” and make the needed payment to customs officials.

78. In or about February 2004, Employee D directed Employee C to use Agent A to “evacuate” goods of defendant Vetco Gray Controls Limited that were “stuck in customs.” On or about February 10, 2004, by e-mail, Employee C authorized Agent A, copying Employees D and H, to proceed with the “evacuation” and “invoice related charges” to Vetco Gray Controls Limited.

79. In or about September 2004, Agent A performed its most significant “evacuation” on behalf of defendants and their co-conspirators following an earlier importation of goods from Norway to Nigeria without paying customs duties. On or about September 29, 2004, as the goods were awaiting customs clearance, Employee C asked a representative of Agent A in writing “[w]hen can the material be touched and sent Offshore? [The customer] and everyone and their brother is waiting on this clearance. . . [The customer’s] statement early today was:

This delay, apart from upsetting our offshore installation programme, is also currently costing us circa \$380,000/day on vessel standby costs (Installation vessel and supply boat). Urgent action required.”

80. On or about September 30, 2004, a different representative of Agent A notified Employee C that “faulty” clearance of another Vetco shipment by a different customs clearance agent could “jeopardize” [sic] Agent A’s efforts to release the goods and that Agent A “will certainly have to go into special interventions here and there and will inform you accordingly. Ad hoc decisions might be necessary which does not allow long correspondence, therefore would like you to nominate a person who can give on the spot approval.”

81. That same day, Agent A informed Employee C that it had “been able to reach an understanding with the customs [officer] for special evacuation of all three shipments on [the vessel] for N2,1,100,000.”

82. Employees B, C, D and G, after several e-mail and telephone communications between Nigeria and the United States, agreed to authorize Agent A to make the corrupt payment that had been demanded by the NCS officer. Although Employee C claims to have later changed his mind because of concerns the payment was illegal, it was too late to stop it.

83. In or about February 2005, Agent A sent an invoice to VETCO GRAY CONTROLS INC. that incorrectly described the 2.1 million Naira (approximately USD \$ 15,909 at the time) payment as “Disbursement Account Nigeria as Per Attached Specification” without any official receipt or documentation, but with an unsigned typed note that stated: “Reason for the special handling was your request to take cargo out of Onne without documentation as you had a penalty clause of some US \$100K per day. Furthermore there was a stop on the pre-

release concession by customs.” On or about February 2005, Employee B approved the invoice for payment.

IV. Systemic Failure of Compliance Procedures and Internal Controls

84. The conduct described above was facilitated in significant part by the systemic failure of the Vetco International entities to effectively institute and implement a compliance system, internal controls, training and other procedures, as required by the Department’s FCPA Opinion Procedure Release No. 2004-02, sufficient to have deterred and detected violations of the FCPA which continued unabated from the period prior to the acquisition of the Vetco International entities by its current owners on or about July 12, 2004 until at least the middle of 2005.

85. This conduct continued notwithstanding the commitments made to the Department in connection with the request for FCPA Opinion Release 2004-02 at the time of the acquisition of the Vetco International entities, that the Vetco International entities would, among other things: (a) adopt a rigorous anti-corruption compliance code designed to detect and deter violations of the FCPA and of foreign anti-corruption laws; (b) provide regular training on the requirements of the FCPA and of applicable foreign anti-corruption laws on a periodic basis to all shareholders, directors, officers, employees, agents and business partners; (c) require annual certifications regarding compliance; (d) establish extensive pre-retention due diligence requirements pertaining to, as well as post-retention oversight of, all agents and business partners, including the maintenance of complete due diligence records at Vetco International; (e) institute procedures to ensure that all necessary and prudent precautions were taken to form business relationships with reputable and qualified parties; and (f) adopt financial and accounting

procedures designed to ensure that the newly-acquired entities maintain a system of internal accounting controls and make and keep accurate books, records and accounts.